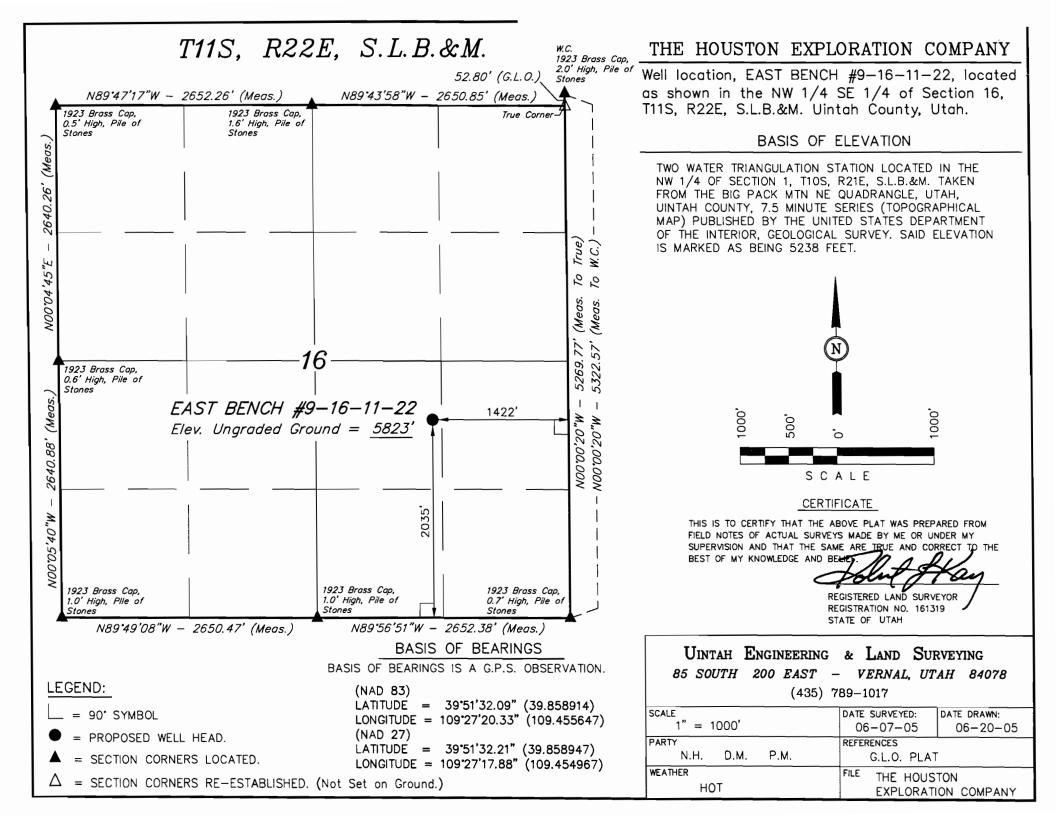
FORM 3

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING

AMENDED REPORT	
(highlight changes)	

	A	PPLICAT	ION FOR	PERMIT TO	DRILL		5. MINERAL LEASE NO: ML-46911	6. SURFACE: State
1A. TYPE OF WORK: DRILL A REENTER DEEPEN 7. IF INDIAN, ALLOTTEE OR TRIBE NAME:						T		
B. TYPE OF WE	LL: OIL 🗍	GAS 🗾	OTHER	SIN	GLE ZONE MULTIPLE ZON	F .7	8. UNIT or CA AGREEME	NT NAME:
2. NAME OF OPE						Y		
	RATOR: Reploration Co	mpany					9. WELL NAME and NUM East Bench 9-1	
3. ADDRESS OF		pany		<u>-</u>	PHONE NUMBER:		10. FIELD AND POOL, OF	
1100 Louis	iana, Suite 2		on	TX 770	002 (713) 830-6800		Undesignated	· · · · · · · · · · · · · · · · · · ·
4. LOCATION OF	WELL (FOOTAGES		632	2161 V	39. 858947		11. QTR/QTR, SECTION, MERIDIAN:	TOWNSHIP, RANGE,
AT SURFACE:	2035' FSL 8	3 1422' FEL		30374			N ∉ SE 16 1	I1\$ 22E
AT PROPOSED	PRODUCING ZONE	same as	above	. 1	1109. 45 4944		W	
14. DISTANCE IN	MILES AND DIREC	TION FROM NEAR	EST TOWN OR POS	ST OFFICE:			12. COUNTY:	13. STATE:
56.3 mile	s south of Ve	ernal, UT					Uintah	UTAH
15. DISTANCE TO	NEAREST PROPE	RTY OR LEASE LI	NE (FEET)	16. NUMBER OF	F ACRES IN LEASE:	17. N	JMBER OF ACRES ASSIGN	NED TO THIS WELL:
1,422'					640			40
	O NEAREST WELL (ETED, OR	19. PROPOSED	DEPTH:	20. BC	OND DESCRIPTION:	
1,200'	1, 014 11 110 127,02 (,		1	8,400	10	4155044	
21. ELEVATIONS	(SHOW WHETHER	DF, RT, GR, ETC.):	22. APPROXIMA	ATE DATE WORK WILL START:	23. ES	STIMATED DURATION:	
5,822'				9/15/200)5 	30	Days	
24.			PROPOS	ED CASING AI	ND CEMENTING PROGRAM			
SIZE OF HOLE	CASING SIZE, G	RADE, AND WEIG	HT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUA	ANTITY,	YIELD, AND SLURRY WER	знт
11"	8 5/8"	J-55	36#	2,000	PREMIUM LITE II	250	SKS 3.38	CF 11.0 PPG
					CLASS "G"	329	SKS 1.2	CF 15.6 PPG
					Calcium Chloride	200	SKS 1.10	CF 15.6 PPG
7 7/8"	4 1/2"	N-80	11.6#	8,000	PREMIUM LITE II	200	SKS 3.3	CF 11.0 PPG
					CLASS "G"	400	SKS 1.56	CF 14.3 PPG
25 .				ATTA	CHMENTS		0041515	
		OUED IN ACCOUNT					CUNI-INFI	VTIAI
VERIFY THE FOL	LOWING ARE ATTA	CHED IN ACCORU	DANCE WITH THE U	ITAH OIL AND GAS C	ONSERVATION GENERAL RULES:		ON IDE	VIIAL
✓ WELL PL	AT OR MAP PREPA	RED BY LICENSE	SURVEYOR OR E	NGINEER	COMPLETE DRILLING PLAN			
▼ EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER			FORM 5, IF OPERATOR IS PE	RSON O	R COMPANY OTHER THA	N THE LEASE OWNER		
	Willam	A. Ryan			TITLE Agent			
NAME (PLEASE I	PRINT)	71. Tryun						
SIGNATURE	Willio	wa.	40		DATE 8/30/2005			
(This space for Sta	te use only)					_		
			/			F	RECEIVED	
API NUMBER ASS	SIGNED: 43	-047-37	123		APPROVAL:	9	SEP 0 9 2005	



Ten Point Plan

The Houston Exploration Company

East Bench #9-16-11-22

Surface Location NE ¼ SE ¼, Section 16, T. 11S., R. 22E.

1. Surface Formation

Green River

2. Estimated Formation Tops and Datum:

<u>Formation</u>	Depth	Datum
Green River	Surface	+5,822' G.L.
Uteland Butte Limestone	3,654	+2,168'
Wasatch	3,769	+2,053'
Mesaverda	6,169	-347'
Buck Tounge	8,369	-2,547
Castlegate	8,429	-2,607
TD	8,400	-2,578'

A 11" hole will be drilled to 2,000' +/-. The hole depth will depend on the depth that the Birds Nest Zone is encountered. The hole will be drilled 400' beyond the top of the Birds Nest.

3. Producing Formation Depth:

Formation objective includes the Green River, Wasatch, Mesaverde and its submembers.

Off Set Well information

Permitted/Drilled:

East Bench 2-16-11-22	East Bench 11-16-11-22
East Bench 4-16-11-22	East Bench 12-16-11-22
East Bench 5-16-11-22	East Bench 13-16-11-22
East Bench 6-16-11-22	East Bench 14-16-11-22
East Bench 8-16-11-22	East Bench 16-16-11-22

Producing Well:

SL #23-16

4. Proposed Casing:

Hole	Casing			Coupling	Casing	
<u>Size</u>	<u>Size</u>	Weight/FT	<u>Grade</u>	& Tread	<u>Depth</u>	New/Used
11	8 5/8	36#	J-55	STC	2000	NEW
7 7/8	4 ½	11.6#	N-80	LTC	T.D.	NEW

Cement Program:

The Surface Casing will be cemented to the Surface as follows:

Lead:	Casing <u>Size</u>	Cement Type	Cement Amounts	Cement <u>Yield</u>	Cement Weight
	8 5/8	Premium Lite II .05#/sk Static Free .25#/sk Cello Flake 5#/sk KOL Seal .002 gps FP-6L 10% Bentonite .5% Sodium Metasil 3% Potassium Chlor		3.38ft³/sk	11.0 ppg
Tail:					
	8 5/8	Class "G" 2% Calcium Chlorid .25#/sk Cello Flake	329 sks. +/-	1.2ft³/sk	15.6 ppg
Top Jo	b:				
	8 5/8	4% Calcium Chloride	e 200 sks. +	/-1.10ft³/sk	15.6 ppg

Production casing will be cemented to 2,500' or higher as follows:

	Casing	Cement	Cement	Cement	Cement
	<u>Size</u>	<u>Type</u>	Amounts	<u>Yield</u>	<u>Weight</u>
Lead:					
	4 1/2	Premium Lite II .25#/sk Cello Flake .05#/sk Static Free 5#/sk Kol Seal 3% Potassium Chlori .055 gps FP-6L 10% Bentonite .5 Sodium Metasilica		3.3ft³/sk	11.0 ppg
Tail:					
	4 1/2	Class "G" .05% Static Free 2 Sodium Chloride .1% R-3	400 sks +/-	1.56ft³/sk	14.3 ppg

5. BOP and Pressure Containment Data:

2% Bentonite

The anticipated bottom hole pressure will be less than 3000 psi.

A 3000-psi WP BOP system as described in the BOP and Pressure Containment Data (attached) will be installed and maintained from the 8 5/8" surface casing. The BOP system including the casing will be pressure tested to minimum standards set forth in "On Shore Order #2". The BOP will be mechanically checked daily during the drilling operation.

6. Mud Program:

Interval	Mud weight lbs./gal.	Viscosity Sec./OT.	Fluid Loss MI/30 Mins.	Mud Type
0-2000 2000-T.D.	Air/Clear Water 8.4-12.0	30	No Control 8-10	Water/Gel Water/Gel

7. Auxiliary Equipment

Upper Kelly cock, full opening stabbing valve, 2 ½" choke manifold and pit level indicator.

8. Testing, Coring, Sampling and Logging:

a)) Test:	None are anticipated.
•	, 1000.	1 tolle and allier parea.

b) Coring: There is the possibility of sidewall coring.

c) Sampling: Every 10' from 2000' to T.D.

d) Logging: Type Interval

DLL/SFL W/GR and SP T.D. to Surf. Csg FDC/CNL W/GR and CAL T.D. to Surf. Csg

9. Abnormalities (including sour gas):

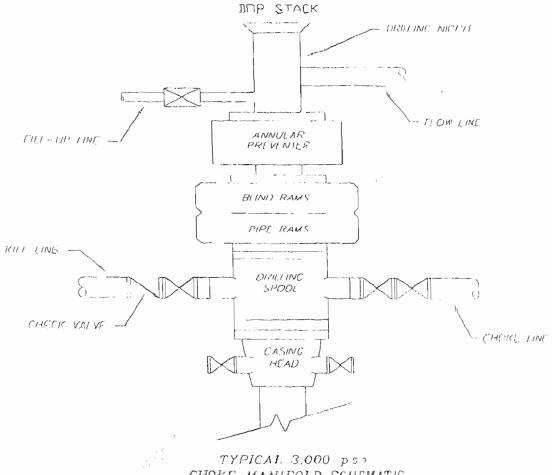
No abnormal pressures, temperatures or other hazards are anticipated. Oil and gas shows are anticipated in the Wasatch Formation. Other wells drilled in the area have not encountered over pressured zones or H2S.

10. Drilling Schedule:

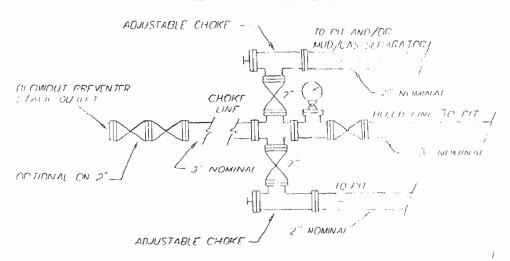
The anticipated starting date is $\underline{09/15/05}$. Duration of operations is expected to be 30 days.

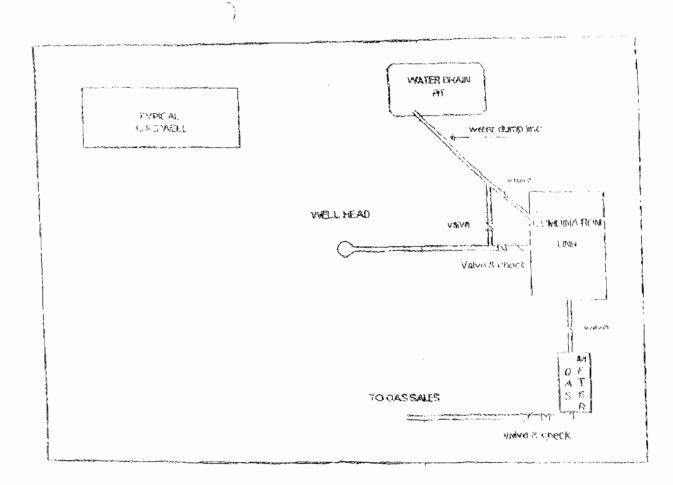
THE MOUSTON EXPLORATION COMPANY

TYPICAL 3,000 ps.z BLOWOUT PREVENTER SCHEMATIC



CHOKE MANIFOLD SCHEMATIC





THE HOUSTON EXPLORATION COMPANY 13 POINT SURFACE USE PLAN

FOR WELL

EAST BENCH 9-16-11-22

LOCATED IN NW 1/4 SE 1/4

SECTION 16, T. 11S, R22E, S.L.B.&M.

UINTAH COUNTY, UTAH

LEASE NUMBER: ML-46911

SURFACE OWNERSHIP: STATE

1. Existing Roads:

To reach The Houston Exploration Co. well East Bench 9-16-11-22 in Section 16, T11S, R 22E, Starting in Vernal, Utah.

Proceed in a westerly direction from Vernal, UT along US Highway 40 approximately 14.0 miles to the junction of State Hwy 88; exit left and proceed in a southerly direction approximately 17.0 miles to Ouray, UT; proceed in a southerly, then southeasterly direction approximately 11.2 miles on the Seep Ridge Road to the junction of this road and an existing road to the southeast; turn left and proceed in a southeasterly direction approximately 9.2 miles to the junction of this road and an existing road to the southeast; turn right and proceed in a southerly direction approximately 4.9 miles to the junction of this road and an existing road to the northwest; turn right and proceed in a northwesterly direction approximately 50' to the beginning of the proposed access road to the south; follow road flags in a southerly direction approximately 100' to the proposed location.

Total distance from Vernal, Utah to the proposed well location is approximately 56.3 miles.

All existing roads to the proposed location are State of Utah, BLM maintained or County Class D roads. Please see the attached map for additional details.

2. Planned access road

The proposed access road will be approximately 100' +/- of new construction on lease. The road will be graded once per year minimum and maintained.

A) Approximate length	100 ft
B) Right of Way width	30 ft
C) Running surface	18 ft
D) Surface material Na	tive soil
E) Maximum grade	5%
F) Fence crossing	None
G) Culvert	None
H) Turnouts	None
 Major cuts and fills 	None
J) Road Flagged	Yes
K) Access road surface	ownership
	State
L) All new construction	on lease
-	Vas

Yes
M) Pipe line crossing None

Please see the attached location plat for additional details.

An off lease right-of-way will not be required.

All surface disturbances for the road and location will be within the lease boundary.

3. Location of existing wells

A) Producing well

The following wells are located within a one-mile radius of the location site.

None
None
None
None

F) Drilling /Permitted well East Bench 2-16-11-22 East Bench 11-16-11-22 East Bench 4-16-11-22 East Bench 12-16-11-22 East Bench 5-16-11-22 East Bench 13-16-11-22 East Bench 6-16-11-22 East Bench 14-16-11-22 East Bench 8-16-11-22 East Bench 16-16-11-22

G) Shut in wells

None

H) Injection well

None

1) Monitoring or observation well None

Please see the attached map for additional details.

4. Location of tank batteries, production facilities and production gathering service lines.

All production facilities are to be contained within the proposed location site. Please see the attached plat plan for a typical gas well separator installation and well site piping.

All permanent (on site for more than six months or longer) structures constructed or installed will be painted an Olive Black color. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded. The required paint color is Olive Black.

All tanks will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank in the battery. The integrity of the dike will be maintained.

The operator will adhere to all site security guidelines and regulation identified in 43 cfr 3126.7.

All off lease storage, off lease measurement, commingling on lease or off lease, of production, will have prior written approval form the authorized officer.

If the well is capable of economic production a surface gas line will be required.

Approximately 19' +/- of 3" steel surface gas gathering line would be constructed on State Lands. The line will tie into the existing pipeline in Section 16, T11S, R22E. The pipeline would be strung and boomed to the northeast of the location. The pipeline may be buried as determined by the Authorized Officer at the onsite.

An off lease right-of-way will not be required.

Please see the attached location diagrams for pipeline location.

The gas meter run will be located within 500' of the wellhead. The gas line will be buried or anchored down from the wellhead to the meter. Meter runs will be housed and/or fenced.

The gas meter will be calibrated and the tank strapped in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The authorized officer will be provided with a date

and time for the initial meter calibration and all future meter-proving schedules. A copy of the meter calibration report will be submitted to the BLM's Vernal District office and State of Utah, Division of Oil, Gas, and Mining. All measurement facilities will conform to API (American Petroleum Institute) and AGA (American Gas Association) standards for gas and liquid hydrocarbon measurement.

5. Location and type of water supply

Water for drilling and cementing will come from Bitter Creek in Permit #T-75377.

6. Source of construction materials

All construction material for this location site and access road shall be borrow material accumulated during construction of the location site and access road. Additional road gravel or pit lining material will be obtained from private resources.

7. Methods for handling waste disposal

A) Pit construction and liners:

The reserve pit will be approximately **12 ft**. deep and most of the depth shall be below the surface of the existing ground Please see the attached plat for details.

The reserve pit will be lined.

The reserve pit will be used to store water for drilling. A semi-

closed system will be used to drill the well. All fresh water for drilling will come from a frac tank placed on location and from the rig tank. The pit will be used to hold non-flammable materials such as cuttings, salt, drilling fluids, chemicals, produced fluids, etc.

B) Produced fluids:

Produced water will be confined to the reserve pit, or if deemed necessary, a storage tank for a period not to exceed 90 days after initial production. During the 90-day period an application for approval for permanent disposal method and location will be submitted to the authorized officer. Evaporation may be used instead of trucking to facilitate closing and reclamation of the reserve pit. A pumping system would be used for evaporation.

C) Garbage:

A trash cage fabricated from expanded metal will be used to hold trash on location and will be removed to an authorized landfill location.

D) Sewage:

A portable chemical toilet will be supplied for human waste.

E) Site clean-up:

After the rig is moved off the location the well site area will be cleaned and all refuse removed.

8. Ancillary facilities

There are no ancillary facilities planned at this time and none are foreseen for the future.

9. Well-site layout

Location dimensions are as follows:

A) Pad length	345 ft.			
B) Pad width	245 ft.			
C) Pit depth	12 ft.			
D) Pit length	150 ft.			
E) Pit width	75 ft.			
F) Max cut	15.5 ft.			
G) Max fill	13.3 ft.			
H) Total cut yds.	13,550 cu yds			
I) Pit location	west side			
J) Top soil location	on south end			
K) Access road location				

L) Flare Pit north end corner C

Please see the attached location diagram for additional details.

All pits will be fenced according to the following minimum standards:

- A) Thirty nine inch net wire shall be used with at least one strand of wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.
- B) The nct wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches above the net wire.

 Total height of the fence shall be at leas 42 inches.

- C) Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
- D) Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 ft.
- E) All wire shall be stretched by using a stretching device before it is attached to the corner posts.

10. Plans for restoration of the surface

Prior to construction of the location, the top 6 inches of soil material will be stripped off the location and the pit area. The topsoil removed and piled will amount to approximately 1,850 cubic yards of material. Topsoil will be stockpiled in one distinct pile. Placement of the topsoil is noted on the attached location plat. The topsoil pile from the location will be seeded as soon as the soil is stock piled with the seed mix listed. When all drilling and completion activities have been completed and the pit back-filled the topsoil from the pit area will be spread on the pit area. The pit area will be seeded when the soil has been spread. The unused portion of the location (the area outside the dead men) will be re-contoured.

The dirt contractor will be provided with an approved copy of the

surface use plan prior to construction activities.

Changes to the drainage during the construction activities shall be restored to its original line of flow or as near as possible when the pit is back-filled

All disturbed areas will be recontoured to the approximate natural contours. Prior to back filling the pit the fences around the reserve pit will be removed.

The reserve pit will be reclaimed within 90 days of well completion. If the reserve pit has not dried sufficiently to allow back filling, an extension on the time requirement for back filling the pit will be requested. Once reclamation activities have begun, they shall be completed within 30 days.

After the reserve pit has been reclaimed, no depressions in the soil covering the reserve pit will be allowed. The objective is to keep seasonal rainfall and run off from seeping into the soil used to cover the reserve pit. Diversion ditches and water bars will be used to divert the run off as needed.

When restoration activities have been completed, the location site and new access road cuts and shoulders shall be reseeded. Prior to reseeding, all disturbed areas will be scarified and left with a rough surface.

A) Seeding dates:

Seed will be spread when topsoil is stock piled and when reclamation work is performed.

The seed mix and quantity list will be used whether the seed is broadcast or drilled.

B) Seed Mix

To be determined by the Authorized Officer.

11. Surface ownership:

Access road	State
Location	State
Pipe line	State

12. Other information:

A) Vegetation

The vegetation coverage is Slight. The majority of the existing vegetation consists of non-native species. Rabbit brush, bitter brush, and Indian Rice grass and Sagebrush are also found on the location.

B) Dwellings:

There are no dwelling or other facilities within a one-mile radius of the location.

C) Archeology:

The location has been surveyed. A copy of that survey will be forwarded to your office.

If, during operations, any archaeological or historical sites, or any objects of antiquity (subject to the antiquities act of June 8, 1906) are discovered, all operations, which would affect such sites, will be suspended and the discovery reported promptly to the surface management agency.

D) Water:

The nearest water is the White River located 8 miles to the Northeast.

E) Chemicals:

No pesticides, herbicides or other possible hazardous chemicals will be used without prior application.

F) Notification:

- a) Location Construction
 At least forty eight (48)
 hours prior to
 construction of location
 and access roads.
- b) Location completion Prior to moving on the drilling rig.
- c) Spud notice At least twenty-four (24) hours prior to spudding the well.
- d) Casing string and cementing
 At least twenty-four (24) hours prior to running casing and cementing all casing strings.

- e) BOP and related equipment tests At least twenty-four (24) hours prior to initial pressure tests.
- f) First production notice Within five (5) business days after the new well begins, or production resumes after well has been off production for more than 90 days.

G) Flare pit:

The flare pit will be located in **corner C** of the reserve pit out side the pit fences and 100 feet from the bore hole on the east side of the location. All fluids will be removed from the pit within 48 hours of occurrence.

13. Lessees or Operator's representative and certification

A) Representative

William A. Ryan Rocky Mountain Consulting 290 S 800 E Vernal, UT 84078

Office 435-789-0968 Fax 435-789-0970 Cellular 435-828-0968

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, onshore oil and gas orders, and any applicable notices to lessees. The operator is fully responsible for the

actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

This drilling permit will be valid for a period of one year from the date of approval.

After permit termination, a new application will be filed for approval for any future operations.

B) Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route that I am familiar with the conditions which presently exist, that the statements made in this plan are, to the best of my knowledge and belief, true and correct, and that the work associated with the operation proposed herein will be preformed by The Houston **Exploration Company and its** contractors and subcontractors in conformity with this plan and terms and conditions with this plan and the terms and conditions under which it is approved.

Date 1. 40. 2005
William a Dyo

William A. Ryan, Agent / Rocky Mountain Consulting

Statement of use of Hazardous Materials

No chemical(s) from the EPA's consolidated list of Chemicals subject to Reporting under Title III of the Superfund Amendments and Reauthorization, Act (SARA) of 1986 will be used, produced, transported, stored, disposed, or associated with the proposed action. No extremely hazardous substances, as defined in 40 cfr 355, will be used, produced, stored, transported, disposed, or associated with the proposed action.

If you require additional information please contact:

William A Ryan Agent for The Houston Exploration Company Rocky Mountain Consulting 290 S 800 E Vernal, UT 84078

435-789-0968 Office 435-828-0968 Cell 435-789-0970 Fax

THE HOUSTON EXPLORATION COMPANY

EAST BENCH #9-16-11-22

LOCATED IN UINTAH COUNTY, UTAH SECTION 16, T11S, R22E, S.L.B.&M.

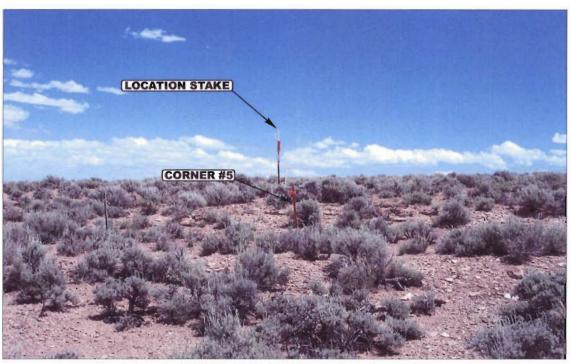


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: EASTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: SOUTHERLY





